



SIXTEENTH JUDICIAL CIRCUIT

JACKSON COUNTY, MISSOURI

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 2000-130  
December 22, 2000  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2000

[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

The following audit report presents our findings and recommendations for the Sixteenth Judicial Circuit, Jackson County, Missouri. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved.

The receipts for the Child Support Section were approximately \$60 million annually. In June 1998, the court started using the Missouri Automated Child Support System (MACSS). As a part of the implementation of this statewide system, the court allowed the Office of the State Courts Administrator (OSCA) to start preparing bank reconciliations on the child support bank account. Our review of these reconciliations noted the following concerns:

- Bank reconciliations were not performed in a timely manner. Reconciling items totaling more than \$400,000, some of which could represent missing funds, were not reviewed or investigated. No follow-up action has been taken on approximately 3,000 checks, totaling nearly \$300,000, that have been outstanding for more than one year. Duplicate checks totaling nearly \$120,800 were issued of which \$34,400 remained uncollected as of November 1999. Differences between receipt and deposit amounts, or in the composition of the deposit, are not investigated and resolved in a timely manner. The court does not reconcile the open items listing to the cash balance of the child support account.

*Checks which have been outstanding for a considerable length of time should be periodically reviewed to determine if the checks should be canceled and reissued if the payee can be located. **Failure to follow up on outstanding child support checks in a timely manner unnecessarily deprives custodial parents of monies due them.** If the payees of old outstanding checks can be identified and located, these checks should be reissued.*

Criminal restitution payments are processed through the court's criminal office in Kansas City. Restitution receipts average approximately \$500,000 annually. Our review noted the following concern:

- The court has money on deposit in the criminal restitution bank account which cannot be properly distributed because the victims can no longer be located. Since an open-items list is not prepared, the court cannot monitor these monies to ensure that they are disbursed in accordance with state law.

(over)

YELLOW SHEET

The Criminal Records Section maintains offices in Kansas City and Independence. Separate bank accounts and records are maintained by the Kansas City and Independence offices. Criminal receipts for both offices average more than \$4 million annually. Our review noted the following concerns:

- A complete listing of accrued costs owed to the criminal division is not maintained and cost cards detailing amounts due to the court for each case are not prepared on a timely basis. A complete and accurate accrued cost listing would allow the court to more easily review the amounts owed to the court, and take appropriate steps to ensure all amounts owed are collected on a timely basis.

The court's Civil Section collects costs and other receipts for each case filed in the civil division. Our audit noted garnishment proceeds exceeding \$1.2 million and other court costs totaling over \$9.5 million that had not been disbursed in a timely manner. Some of the cases relating to these moneys dated as far back as the 1970's. To ease the administrative burden on the court and to provide these monies to the appropriate parties, distribution of funds must be done in a timely manner.

A detailed job description has not been developed for the Fiscal Officer position. The court's general ledger has not been properly maintained, bank accounts have not been properly reconciled, running book balances have not been maintained, and interest earned on Title IV-D child support collections has not been disbursed to the state in a timely manner.

SIXTEENTH JUDICIAL CIRCUIT  
JACKSON COUNTY, MISSOURI

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## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Presiding Judge and Court en banc  
and  
Court Administrator of the  
Sixteenth Judicial Circuit  
Jackson County, Missouri

The State Auditor is required under Section 29.200, RSMo 1994, to audit all accounts of the Sixteenth Judicial Circuit, Jackson County, Missouri. The judicial circuit had engaged Donnelly Meiners Jordan Kline, Certified Public Accountants (CPAs), to perform annual audits of the various divisions of the Sixteenth Judicial Circuit, Jackson County, Missouri for the years ended December 31, 1999, 1998, and 1997. In addition, the Jackson County Law Library, Inc., has engaged Winger and Company, Certified Public Accountants (CPAs) to perform annual audits of the Law Library Fund (a component unit of the Sixteenth Judicial Circuit) for the years ended December 31, 1999, 1998, and 1997. To satisfy our statutory obligation and minimize duplication of effort, the State Auditor has used the work of the CPAs. To the extent available, we reviewed the reports and substantiating working papers of the CPA firms to satisfy ourselves as to the appropriateness of using their reports, and we accept them in partial fulfillment of our responsibility under Section 29.200, RSMo 1994.

The objectives of this audit were to:

1. Review certain financial activity and related procedures, and examine compliance with certain constitutional provisions, statutes, and Attorney General's opinions as we deemed necessary or appropriate in the circumstances.
2. Examine certain management practices.
3. Follow up on the status of findings noted in our previous report.

Our audit was conducted in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the records and procedures, and interviewed personnel of the judicial circuit. The scope of this audit included, but was not necessarily limited to, the years ended December 31, 1999, 1998, and 1997.

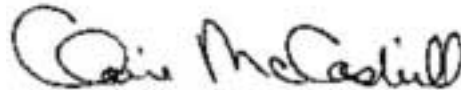
As part of our audit, we assessed the judicial circuit's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance

on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Statistical Section is presented for informational purposes. This information was obtained from the judicial circuit's management and the Office of the State Courts Administrator and was not subjected to the procedures applied to our audit of the Sixteenth Judicial Circuit, Jackson County, Missouri.

The accompanying Management Advisory Report presents our findings arising from our audit of the Sixteenth Judicial Circuit, Jackson County, Missouri.



Claire McCaskill  
State Auditor

February 28, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	John Birdno, CPA
In-charge Auditors:	Todd M. Schuler, CPA
	Steve Marriott, CPA
Audit Staff:	Renee Alvarez
	Christina Brown
	Tiffany Blew
	Nicole Brackman

## MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Findings

SIXTEENTH JUDICIAL CIRCUIT  
JACKSON COUNTY, MISSOURI  
SUMMARY OF FINDINGS

1. Fiscal Officer Duties (pages 8-11)

A detailed job description has not been developed for the Fiscal Officer position. The court's general ledger has not been properly maintained, bank accounts have not been properly reconciled, running book balances have not been maintained, and interest earned on child support collections has not been disbursed to the state in a timely manner.

2. Child Support Section Procedures (pages 12-18)

Bank reconciliations were not performed in a timely manner. Reconciling items totaling more than \$400,000, some of which could represent missing funds, were not reviewed or investigated. No follow-up action has been taken on approximately 3,000 checks, totaling nearly \$300,000, that have been outstanding for more than one year. Duplicate checks totaling nearly \$120,800 were issued to custodial parents of which \$34,400 remained uncollected as of November 1999. Differences between receipt and deposit amounts, or in the composition of the deposit, are not investigated and resolved in a timely manner. The court does not reconcile amounts owed to others (the open items listing) to the cash balance of the child support account.

3. Criminal Records Section Accounting Records and Procedures (pages 18-22)

A complete listing of accrued costs owed to the criminal division is not maintained and cost cards are not always completed for cases on a timely basis. There was a lack of accountability over the numerical sequence of some receipt slips. The mode of payment is not always listed on the receipt slips. A centralized listing of bonds is not maintained and reconciled to the criminal account book balance. Some bond information is not correctly input into the court computer system. Outstanding checks are not followed up on in a timely manner. The Prosecuting Attorney did not document approval of any amendments of traffic tickets and some records of conviction were not always forwarded to the Missouri State Highway Patrol, as required.

4. Civil Section Accounting Records and Procedures (pages 22-25)

Monthly listings of open items are not reconciled with the cash balance. Garnishment proceeds (exceeding \$1.2 million) and other monies collected on civil cases (totaling over \$9.5 million) were not disbursed in a timely manner. Deposits are not always made intact.

5. Criminal Restitution Accounting Procedures (pages 25-26)

A centralized listing of open items is not maintained and reconciled to the criminal restitution cash balance. The court has money on deposit which has not been properly distributed.

6. Delinquent Land Tax and Civil Process Section Accounting Procedures (pages 26-30)

Receipt slips are not issued for some monies received and the method of payment is not always indicated on the receipt slip. Copies of manual receipts are not always maintained and receipts are not always deposited intact on a timely basis. Fees are not paid to the county in a timely manner.

SIXTEENTH JUDICIAL CIRCUIT  
JACKSON COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Fiscal Officer Duties</b>
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The Court Administrator's office employs a fiscal officer who oversees the accounting functions of the court, prepares bank reconciliations for various accounts, and maintains the computerized general ledger. During our review of work performed by the fiscal officer, the following concerns were noted:

- A. The court has not established a detailed job description for this position and did not ensure the duties of this position were fulfilled during the three years ended December 31, 1999. Four different people held the position of fiscal officer. Tom Moore served as fiscal officer during 1996, but resigned in December 1996. The position was vacant until February 1997, when Doug Hewitt took over as fiscal officer. He resigned in August 1998, and the position was not filled until October 1998, when Brett Peters was appointed. He served as fiscal officer until June 1999, and in July 1999 the current fiscal officer, Joel Kesler, assumed the fiscal officer duties. As a result, some of the fiscal officer's duties were not performed and some of the duties were not performed in a timely manner. During December 1998, an assistant fiscal officer position was established to assist with the fiscal officer's duties.

Although there was no detailed job description or procedures manual, the current fiscal officer has been able to correct many of the problems caused by the turnover and/or lack of a fiscal officer during 1997 and 1998, while also keeping up with current records and attending training sessions on new computerized systems implemented in this court. The transition of a new employee to the position of fiscal officer would have been improved had the court developed a detailed job description as well as a procedures manual and enacted procedures to ensure the assigned duties were being performed as required.

- B. The duties performed by the fiscal officer include maintenance of the court's general ledger which tracks the balances of various court accounts. As a result of the turnover in the fiscal officer position and some erroneous entries, the court's general ledger was not accurately maintained after March 1998. This situation lead to the following concerns:

1. Through an agreement between the court and the bank used by the court, monies deposited in various court accounts, including the civil, criminal, and child support accounts, are swept into a Zero Balance Account (ZBA) each night. The court earns a higher rate of interest on the ZBA than on the

individual accounts. The court invests funds in the ZBA in short term investments to maximize interest income. When it was maintained, the general ledger detailed the amounts due from the ZBA to the court's division accounts, which was necessary to adequately reconcile the monthly bank statements for the various accounts. The court should be able to allocate the full balance of the ZBA and short term investments to the various division accounts at any given time. Since the general ledger was not accurately maintained during our audit period, it was not possible for the fiscal officer, or the assistant fiscal officer in the fiscal officer's absence, to reconcile the balance of the ZBA to the combined balance of those accounts swept into the ZBA. The balance of the ZBA and short term investments at December 31, 1998 was approximately \$17 million. At December 31, 1999, according to the court's records, the balance had been reduced to approximately \$11 million.

Monthly reconciliations on the various court accounts were not done on a timely basis and do not reflect the amount due to the accounts from the ZBA. Instead, the reconciliations for the various accounts show the difference between outstanding deposits and checks, which results in a negative balance on the reconciliation (outstanding checks exceeded outstanding deposits for all months we reviewed). In addition, the court does not maintain a running book balance for any of the accounts swept into the ZBA. A book balance is calculated each month using the previous months calculated book balance and adjusting for the current month's activity. The calculated book balance does not account for the funds transferred to the ZBA. The adjustments to the calculated book balance on several reconciliations we reviewed included recording errors and deposit differences which have not been followed up on by the fiscal officer. Currently, the fiscal officer is working to determine the propriety of these adjustments but has resolved very few. As of March 2000, bank reconciliations had only been completed through November 1999.

Monthly reconciliations and running book balances are necessary to ensure that all accounting records balance, transactions are properly recorded, and any errors or discrepancies are detected on a timely basis.

2. Since the general ledger was not maintained to calculate the balance of each account swept into the ZBA, the fiscal officer could not allocate interest between these accounts. As a result, the court has not disbursed some Title IV-D interest earned on the child support account to the state in a timely manner. The court did not disburse Title IV-D interest earned during the period May 1998 thru July 1999 until September 1999, when the amount was estimated to be \$45,537. Approximately \$21,000 in Title IV-D interest has been earned during the period August 1999 thru May 2000, but those funds have not yet been disbursed to the state.

Section 13 CSR 30-3.010 (5)(f) of the Code of State Regulations requires that when a child support account earns interest, the portion attributable to state Title IV-D child support monies is to be remitted monthly to the state. To comply with the state requirements, the fiscal officer should disburse the portion of Title IV-D interest to the state on a monthly basis.

**WE RECOMMEND** the Court Administrator and Fiscal Officer:

- A. Develop a written job description and/or procedures manual for the fiscal officer position.
- B.1. Ensure that the general ledger is updated timely and accurately maintained in the future and that the balance of the ZBA is allocated to the various accounts swept into the ZBA each month. In addition, bank reconciliations should be performed timely for all accounts, adjustments for errors and discrepancies should be reviewed on a timely basis to determine their cause, and a running book balance should be maintained for each of the division's accounts.
- 2. Ensure that interest is allocated properly and that interest earned on Title IV-D collections is remitted to the state monthly.

**AUDITEE'S RESPONSE**

A. *Policy and Procedure Manual*

*The Court had the same Fiscal Officer from 1973 to 1997. That individual retired without leaving written procedures or manuals for his position. When the Court received notice of his retirement, Donnelly Meiners Jordan and Kline (DMJK) was retained to work with the Fiscal Officer until his final date of employment, to continue to work during the gap until a new Fiscal Officer started, and to train the new Fiscal Officer to assist with a smooth transition.*

*A new Fiscal Officer (#2) started his position on February 24, 1997. Job performance issues began to surface with this individual and several duties began to fall behind. Again, Donnelly Meiners Jordan and Kline was retained to assist this individual, however, he resigned effective August 17, 1998. Donnelly Meiners again stayed to work during the gap until a new Fiscal Officer started, and stayed to train the new Fiscal Officer.*

*On October 7, 1998, Fiscal Officer (#3) started his position. He held this position until June 7, 1999. The current Fiscal Officer, Joel Kesler (#4), started with the Court on July 19, 1999.*

*The hiring of a Fiscal Officer is not done quickly. Candidates must be solicited and carefully screened to determine their qualifications and fitness for the job. The interim periods between Fiscal Officers #1 and #2, #2 and #3, and #3 and #4 lasted two months*

*each. During those periods, the Court contracted with the Controllershship Division of Donnelly Meiners Jordan and Kline to fill the Fiscal Officer position on a limited basis. At no time was the Court without a qualified individual in the position. During DMJK's initial tenure, they began the process of creating a handbook for the Fiscal Officer position, but left it to be completed by the new Fiscal Officer. However, as a result of the problems outlined above, the handbook was never completed. It should be noted that the current Fiscal Officer was the lead auditor of the Court's independent audit for the past four years, and is familiar with the procedures dating back to Fiscal Officer #1.*

*Since his hiring, the current Fiscal Officer has worked diligently to bring the Court's records up to date first, resolve all reconciling items second, and finally, to develop procedures (manuals) for his position, along with the new Assistant Fiscal Officer position, and other accounting positions within the Court. During his first year, the current Fiscal Officer has been able to essentially complete the first of the above three mandates by bringing all accounts, except Civil Records, current. This encompasses activity for a period of over three-and-a-half years for over 50 checking accounts. Bank reconciliations are now performed on a monthly basis and a general ledger has been updated and kept current. Outstanding reconciling items are currently being investigated and the Court anticipates resolution by June 30, 2001. The current Fiscal Officer has continued the process begun by DMJK and has collected previous documented procedures and statutes in preparation for assembly of a Fiscal Officer's handbook. The Court agrees that a procedural manual is essential and expects to have the Fiscal Officer Manual completed by June 30, 2001.*

*B. Duties performed by the Fiscal Officer*

- 1. The Court's fee accounts are Zero Balance Accounts (ZBA's) and are swept into an investment account each night. During the period under review, the general ledger was not maintained and balances owed by the investment account to each of the ZBA's was not known. Because the reconciliation process is now up to date, except for the resolution of identified reconciling items, the general ledger is current and the Court maintains a running, monthly, book balance for funds transferred between the ZBA's and the investment account (including Civil Records). In addition, the book balance for each fund (Civil Records, Child Support, Criminal Records, etc.) records a receivable for the amount due from the investment account. These receivables are reconciled against the payable on the investment fund books on a monthly basis. As indicated in the Court's response to item A above, it expects to have the reconciling items resolved by June 30, 2001.*
- 2. Because the general ledger and bank reconciliations are current, the Court has been able to become, and stay, current on its payment of Child Support (IV-D) interest. In July 2000, the Court made a \$21,000 payment to the Department of Social Services for the period August 1999 through June 2000. The Court has made timely payments since.*

The receipts for the Child Support Section total approximately \$60 million annually. We noted the following concerns applicable to this section:

A. As a part of the statewide system implementation, the court started using the Missouri Automated Child Support System (MACSS) in June 1998. This system allows for automated standardized recording and reporting of child support receipts and disbursements. As a part of this implementation, the court allowed the Office of the State Courts Administrator (OSCA) to start preparing bank reconciliations on the child support bank account. Our review of these reconciliations noted the following concerns:

1. Child support bank reconciliations are not performed in a timely manner. The December 1998 bank reconciliation was not completed until July 1999. As of January 31, 2000, OSCA had completed reconciliations through July 31, 1999. This timeliness problem was caused, at least in part, by the fact that MACSS was not originally set up for electronic clearing of checks. Since OSCA has begun electronic clearing of checks, reconciling bank accounts has become more timely. The court has indicated that reconciling the child support account after July 1999 will be the responsibility of the court's fiscal officer. As of October 2000, the Fiscal Officer has completed reconciliations on the child support account through August 2000.

Timely bank reconciliations are necessary to ensure the accounting records are in agreement with the bank records and to help detect errors on a timely basis. The court should ensure bank reconciliations are completed and that reconciling items are investigated and corrected on a timely basis.

2. We noted numerous adjustments were made on the December 31, 1998 bank reconciliation (completed in July 1999), including adjustments for checks issued twice, checks which were shown as voided that cleared the bank, checks which cleared the bank twice, unidentified deposit differences, and deposits not posted to the MACSS system. These various adjustments totaled over \$400,000 on the December 31, 1998 bank reconciliation.

OSCA notified the court in July 1999, of these adjustments and indicated it was the court's responsibility to follow up on the adjustments identified within three days. However, our audit found that little, if any, follow-up had been done on these adjustments. While reviewing the July 31, 1999 and August 31, 2000 bank reconciliation for the child support account, we noted that many of the same adjustments noted on the December 31, 1998 bank reconciliation were still required on subsequent bank reconciliations. The



court indicated that lack of personnel in key positions has hampered their ability to investigate these problems.

Several of the adjustment items identified on the reconciliation, especially those related to deposit differences, could represent missing funds. We asked the court to determine the causes of the deposit differences, but because the court failed to follow up on these differences on a timely basis, they indicated they would need more time to investigate the causes.

3. The court has not established procedures to follow up on checks which are outstanding for a considerable length of time. As of August 31, 2000, the current child support account had approximately 3,000 checks, totaling nearly \$300,000, which had been outstanding over one year. Court personnel indicated that no follow up action has been taken on these checks to determine why they are still outstanding. In addition, the “old” child support account, which is only used for electronic fund transfers of child support since the conversion to MACSS in June 1998, had over 900 outstanding child support checks, totaling approximately \$90,000, as of September 30, 2000. All of the outstanding checks on the “old” account were written prior to conversion, with some dating as far back as 1995.

Checks which have been outstanding for a considerable length of time should be periodically reviewed to determine if the checks should be canceled and reissued if the payee can be located. Failure to follow up on outstanding child support checks in a timely manner could unnecessarily deprive custodial parents of monies due them. If the payees of old outstanding checks can be identified and located, these checks should be reissued. Monies which remain unclaimed, including the unidentified balance of the “old” child support account, should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 1994.

4. Approximately \$69,600 and \$51,200 in duplicate checks were issued during November and December 1998, respectively, which represent a portion of the adjustments discussed in part A.2 above. These checks were issued because child support personnel canceled batches of checks but did not realize that the computer had already printed these batches. This error was brought to the court's attention by child support recipients who received duplicate payments. Court personnel have pursued collection of these amounts from the custodial parents; however, approximately \$34,400 in duplicate payments remained uncollected as of November 1999.

Since December 1999, the court has implemented a procedure where the number of checks printed is compared to the batch total for that day. Court personnel need to continue to compare checks printed to those reported by MACSS to ensure duplicate payments do not occur in the future. In addition,

the court should continue to actively pursue collection of the duplicate payments which remain uncollected.

- B. Child support receipts are reconciled to deposits, but differences between receipt and deposit amounts, or in the composition of the deposit, are not investigated and resolved on a timely basis. As noted in part A.2 above, numerous deposit differences were identified by OSCA while performing child support reconciliations. OSCA identified a total of \$47,754 in adjustments from June 1998 to December 1998 where the deposit slip indicated a different amount being deposited than was actually deposited. Of the \$47,754 in adjustments, OSCA identified \$45,418 where the amount of the bank deposit was less than the deposit slips. In these instances, the bank sends a deposit correction advice to the court to explain the reason for the adjustment. It is then the court's responsibility to determine why the deposit required adjustment.

We attempted to review these adjustments to determine their cause, but the court was unable to locate the majority of the deposit correction advices, which explain the reason for the adjustment. We did review the deposits where the advices were located and noted that the amounts shown on the receipt ledger and deposit slip were higher than the amounts actually deposited, which would represent a possible shortage.

We reviewed each deposit where a difference was noted by OSCA and found little, if any, follow-up was performed by court or OSCA personnel. Therefore, the reasons for the deposit differences were not investigated or documented. Court personnel indicated they felt the majority of these differences were caused by delays in electronic funds transfers from the "old" child support account, but because the court failed to investigate these differences fully, as requested by OSCA, there is less assurance that all receipts were properly deposited.

Due to the significant deposit adjustments and differences identified by OSCA, and the court's failure to investigate and explain these differences, monies may be missing from the child support account. A full review of all affected deposits should be performed by court personnel to determine the cause of these differences.

The court should adopt procedures to ensure that receipts are reconciled to deposits and that differences noted during these reconciliations are fully documented and investigated on a timely basis.

- C. A listing of open items is obtained from the MACSS system monthly, but the court does not attempt to reconcile this listing to the cash balance of the current child support account. At August 31, 2000, the reconciled cash balance exceeded the open items listing by \$20,189. The court made no attempt to identify this difference.

An accurate open-items list helps to ensure that receipts and disbursements are properly handled and accurately posted to the case fee sheets, and to verify there is sufficient cash to satisfy all liabilities. The Court Administrator should make an effort to identify any liabilities associated with the excess cash balance. Any amount which remains unidentified, should be disposed of in accordance with state law.

**WE RECOMMEND** the Court Administrator:

- A.1. Ensure child support bank reconciliations are performed in a timely manner.
- 2. Ensure reconciling items are investigated and corrected in a timely manner. Reconciling items which appear to represent missing funds should be fully investigated and if not resolved, the court should seek assistance from applicable law enforcement officials.
- 3. Reissue old outstanding checks where the payee can be located. Any unclaimed amounts should be turned over to the state's Unclaimed Property Section in accordance with state law.
- 4. Continue to compare checks issued according to MACSS to those checks printed to ensure that duplicate checks are not issued. In addition, court personnel should continue to pursue collection of those duplicate payments not yet collected.
- B. Reconcile the composition of cash, checks, and money orders received to the amounts deposited and investigate and document the reasons for any differences noted. Differences noted by OSCA should be fully investigated.
- C. Reconcile the open-items listing to the child support cash balance on a monthly basis. In addition, the court should attempt to identify additional liabilities associated with the excess cash balance which currently exists in the child support account. Any amounts which cannot be identified should be disposed of in accordance with state law.

**AUDITEE'S RESPONSE**

A. *Child Support Bank Reconciliation*

- 1. *Prior to the implementation of the statewide child support system (MACSS), the Court was able to process the child support reconciliation monthly. As noted in the audit report, the timeliness problem was the result of the lack of electronic clearing of checks in MACSS. A manual marking of 100 checks requires 8 hours; the Court's child support section produced over 25,000 checks monthly. Beginning in early 1999 and with the September 1999 bank reconciliation, electronic clearing of checks was made available. In addition to the reasons above, other difficulties encountered*

during the implementation of the MACSS program and the related bank reconciliation through January 2000 were:

- *Excessive turn-over in key personnel*
- *Approximately 3,000 to 5,000 child support checks were mailed to the wrong addresses per the decisions of the Missouri Division of Child Support Enforcement (DCSE) to use their database for mailing addresses. The clients reported that they had never lived there, or had not lived there for 8 to 10 years.*
- *Arrearages were not converted to MACSS correctly requiring the Court to recalculate an inordinate number of cases.*
- *The same Court personnel responsible for processing child support payments were responsible for processing hundreds of phone calls that were the direct result of the MACSS conversion and operational errors noted above.*

*The child support checking account is now current (in reconciliation) and reconciling items have been identified. The Court is in the process of clearing the identified reconciling items, and, as indicated above, projects resolution of these items by June 30, 2001.*

2. *As indicated above, the Court is in the process of investigating the outstanding reconciling items/adjustments. However, this process is a long and arduous task. The Court must review the documentation on hand for each reconciling item and determine its status. Then, the Court must contact the bank for additional documentation of the reconciling items that have not been cleared. The bank may take up to two weeks to process the Court's request for additional information. In addition to focusing on current reconciliations, daily tasks that require the attention of the Fiscal Officer do not allow the Court to devote 100 percent of its time to resolution of the bank reconciliation adjustments. The Court expects to have the reconciling items cleared by June 30, 2001.*
3. *The Court has complied and continues to comply with the state's unclaimed property statutes. For the period under review, the statute required the Court to forward to the Unclaimed Property Section assets abandoned for seven years (currently five). The Court's policy is to perform annual reviews of outstanding checks and deposits to forward to the Unclaimed Property Section. The Court has no objection to forwarding property deemed unclaimed after a period shorter than the period outlined in the statutes, but is unable to do so because it does not have the necessary manpower to accomplish this task.*
4. *Duplicate checks were issued in November 1998 after the supervisor followed instructions from the MACSS helpdesk. The Court has devoted a great deal of time pursuing collection of the duplicate payments. However, the Court is hampered by*

*advice received by the Department of Social Services and the Office of State's Court Administrator that informed the Court that new Federal law prohibits collection of misapplied or duplicate payments from future child support funds. Therefore, collections can only be made from voluntary payments, demand letters, legal action or collection from sparse child support arrearage payments. The Court has reviewed its check printing procedures with the child support supervisors to guard against future duplication of payments. To the extent practicable, the Court expects to have the duplicate check issue resolved by June 30, 2001.*

**B. Child Support Receipts**

*It is the Court's policy to reconcile total cash, checks and money orders receipted to the amounts deposited and investigate and document the reasons for any differences noted. The majority of the variances noted in the audit report are related to electronic fund transfers from employers that were deposited into the Court's old child support checking account but receipted on the books of the new child support ledgers (MACSS). A receivable from the old child support ledgers is recorded on the new child support ledgers.*

*The Court has re-affirmed the daily receipt and deposit reconciliation policy with the Court's cashiers and supervisors. The Court will continue to investigate these variances and, as indicated in previous responses, resolve them by June 30, 2001.*

**C. Child Support Open Items Listing**

*The Court does not currently reconcile the open items listing produced by MACSS, as the listing is not reliable. A cursory review of the open items balance to the cash balance is performed monthly but because of errors in the listing, as outlined below, an adjustment to the exact balance is not made. The \$20,000 error noted in the audit report represents an excess of cash over the liability of child support payments to custodial parents.*

*The current open items listing indicates an erroneous open items balance in excess of \$8,000,000. This error was created during the MACSS conversion and has not been corrected by the MACSS Project. It is the Court's understanding that the Division of Child Support Enforcement is in the process of correcting this error. When the error is corrected, and a reliable listing is created, the Court will reconcile the balance to available cash. The Court expects the error to be corrected by June 30, 2001.*

**Child Support General**

*The Court has diligently and fervently attempted to maintain proper and current records, given its limited resources while maintaining a high standard of service to its child support customers. The overwhelming majority of the problems in the child support section procedures can be attributed to the implementation of MACSS. Prior to MACSS, the Court did not encounter the errors as noted in the audit. Evidence of this can be easily obtained from examination of the Follow-Up on Prior Audit Findings section in this audit, noting the lack of substantive findings from the prior audit in this area. The initial implementation of MACSS provided unreliable reports, such as the open items*

*listing, incomplete or incorrect data, labor intensive data entry screens, and did not include a complete cash reconciliation package. As a result, the Court was forced to develop time-consuming work-arounds for tasks that should have been included in the MACSS computer package.*

### **3. Criminal Records Section Accounting Records and Procedures**

The Criminal Records Section maintains offices in Kansas City and Independence. Separate bank accounts and records are maintained by the Kansas City and Independence offices. Criminal receipts for both offices average more than \$4 million annually. Our review noted the following concerns:

- A. A complete listing of accrued costs owed to the criminal division is not maintained and cost cards detailing amounts due to the court for each case are not prepared on a timely basis. The court prepares cost cards when payment is received or when the amount due is requested by the defendant's probation officer.

A complete and accurate accrued cost control listing would allow the court to more easily review the amounts owed to the court, and take appropriate steps to ensure all amounts owed are collected on a timely basis. To ensure that proper costs are charged on all cases, cost cards should be prepared for all cases when the judgment is entered.

- B. Receipt slips are issued for monies received; however, we noted a lack of accountability over some receipts slips since they were not always issued in numerical order and were not always prenumbered. Also, for a short period of time in 1998, the Independence Criminal Office used unnumbered receipt slips. To provide assurance all monies are properly deposited, prenumbered receipt slips should be issued for all monies received and the numerical sequence of receipt slips should be accounted for properly.

- C. The mode of payment is not always indicated on receipt slips. As a result, it is not always possible to reconcile receipt slips to deposits. To adequately account for all receipts and to ensure all receipts are deposited intact, the mode of payment should be indicated on the receipt slips and the composition of receipt slips should be reconciled to deposits.

- D. Bond cards are prepared for each case where a criminal bond is collected. However, a centralized listing of bonds held (open-items) is not prepared and reconciled to the cash balance. In addition, we noted one instance where a \$5,000 bond was posted on a criminal non-support case at the Kansas City criminal records office and subsequently transferred to the Independence criminal records office. Approximately one year later the judge ordered these monies be disbursed to the custodial parent. The Kansas City criminal records office disbursed these monies although these monies were not held in their bank account. Records maintained by the

Independence criminal records office indicate that this bond is still being held. As a result, the Kansas City criminal records account is due \$5,000 from the Independence criminal records account. This situation would not have occurred had the court properly maintained an open-items list, cost cards, and bond cards, and used those records to determine which office should make the disbursement.

Monthly listings of open items should be prepared and reconciled to monies held in trust by the court to ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities. Because of the large amount of criminal bonds being held and the failure to maintain a monthly open-items list and reconcile it to the cash balance, improprieties and errors could occur and not be detected.

- E. The court has not established procedures to follow-up on checks which are outstanding for a considerable length of time. As of September 30, 2000, checks totaling \$48,242 written on the Kansas City criminal account, have been outstanding for more than one year. As of August 31, 2000, checks totaling \$42,273 written on the Independence criminal account have been outstanding over one year. Each account contained over 200 checks written in 1997 or before.

Checks which have been outstanding for a considerable length of time should be periodically reviewed to determine if the checks should be canceled and reissued if the payee can be located. Monies which remain unclaimed, should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 1994.

- F. Our review of traffic procedures noted the following concerns:

1. The Prosecuting Attorney does not sign appropriate case records to document his approval of any amendment of a ticket. To ensure the proper disposition of all cases has been entered in the court records, the Prosecuting Attorney should sign all amended and non-prosecuted case records, indicating his approval.
2. The court does not always forward required records of convictions on traffic offenses to the Missouri State Highway Patrol (MSHP). We noted three instances out of twenty-nine items tested (10 percent) in which the required record of conviction could not be located on state records. One of the tickets not reported was for Driving Under the Influence (DUI). Section 302.225, RSMo 1994, requires records of any pleas or finding of guilty on traffic violations under the laws of the state, county, or municipal ordinance to be forwarded to the MSHP within ten days of the conviction date.

**WE RECOMMEND** the Court Administrator and Director of Criminal Records:

- A. Maintain a complete and accurate listing of accrued costs and ensure cost cards are completed for all cases on a timely basis.
- B. Ensure prenumbered receipt slips are issued for all monies received.
- C. Ensure that the mode of payment is correctly indicated on all receipt slips issued, and reconcile the composition of receipt slips to deposits.
- D.1. Prepare centralized listings of bonds held and reconcile the total amounts to the applicable cash balances monthly. In addition, the court should transfer the \$5,000 bond monies in question from the Independence criminal records account to the Kansas City criminal records account.
- 2. Ensure that bond cards are prepared for all bonds received and that bond information is accurately input in the court's computer system.
- 3. Use the open-items list, bond cards, and cost cards to determine which office should disburse bond monies.
- E. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable state law.
- F.1. Require the Prosecuting Attorney's signature on all amended and non-prosecuted case records.
- 2. Ensure that records of conviction on traffic offenses are submitted to the MSHP in accordance with state law.

**AUDITEE'S RESPONSE**

A. *Accrued Costs Owed to the Criminal Division*

*The Court has procedures for routing case files to the criminal records financial section for assessing court costs for all disposed cases, as well as any probation violation cases. With these procedures the Court has been able to assess court cost on almost all cases. Costs for the few remaining cases are assessed when payments have been received by mail or notification is received from the probation officer. The Court is in the process of obtaining a new computer accounting system that will minimize the instances in which assessment of court costs are missed. The Court expects to have the new accounting system implemented by December 31, 2000.*



B. *Numerical Sequence of Receipts*

*After the Court's independent audit in 1998, the Court established a receipt log that accounts for all receipts used by criminal records. Each cashier must sign for these receipts, in numerical order, and be accountable for each. The unused receipts are kept in a locked drawer, which is only accessible by the financial supervisor or in her absence, the Assistant Director or Director of Criminal Records. Since this procedure has been in place, the Court has been able to issue receipts in numerical sequence and account for all receipts issued. As a result, the Court considers this issue resolved.*

C. *Mode of Payment*

*Excessive employee turnover over the past few years has contributed to incomplete training and understanding of Court procedures. The Court has re-affirmed its procedures regarding payment type and instructed the employees to utilize proper entry of payment type on all receipt slips. Coinciding with the installation of the new automated financial system, the Court expects this issue to be resolved by December 31, 2000.*

D. *Bond Open Items Listing*

*The implementation of the new computerized financial accounting system will provide an accurate and current open items list of all bond money receipted by criminal records. Both the financial supervisors in Kansas City and Independence will maintain these open items listings. The Director of Criminal Records will review this listing on a monthly basis. Once information has been reviewed, the Director will pass on comments and/or concerns to the appropriate supervisor. In addition, in order to prevent any monies being disbursed into or out of the wrong accounts, the Court is in the process of creating separate checking accounts for the Kansas City and Independence criminal records offices, and a separate account for Traffic. The creation of an open items listing is being done in conjunction with the computerized financial accounting automation project noted above and is expected to be completed by December 31, 2000.*

E. *Unclaimed Property*

*As previously stated in the Court's response to the child support findings, the Court has complied and continues to comply with the unclaimed property statutes. For the period under review, the statute required the Court to forward to the Unclaimed Property Section assets abandoned for seven years (currently five). It is Court policy to perform an annual review of outstanding checks and deposits to forward to the Unclaimed Property Section. The Court has no objection to forwarding property deemed unclaimed after a period shorter than the period outlined in the statutes, but is unable to do so because it does not have the necessary manpower to accomplish this task.*

*F. Traffic Procedures*

- 1. The Court will forward this recommendation to the Prosecuting Attorney. In addition, the Court will immediately implement procedures authorizing criminal records staff to accept a fine lower than the fine on the original traffic charge filed only when written confirmation is received from the Prosecutor that the traffic charge has been amended and reduced or when a judgment is entered by the Court on a lower charge.*
- 2. The Court has procedures for forwarding records of conviction (roc's) on traffic offenses in which notification is required. The Court has contacted the Department of Revenue to resolve the missing roc's and has found that the missing roc's were returned to the Court for correction. The Court will resolve the missing roc's noted during the audit and review its procedures for responding to rejected roc's by June 30, 2001.*

<b>4. Civil Section Accounting Records and Procedures</b>
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Civil receipts totaled approximately \$24.7 million and \$14.7 million during the years ended December 31, 1998 and 1997, respectively.

- A. Monthly listings of open items are prepared for the fee account; however, the listing is not reconciled with the cash balance. We noted one instance during our test work where monies received on a case in December 1998, and disbursed in February 1999, were not included on the December 31, 1998 open items listing. In addition, we noted numerous instances where the information on the open items listing did not agree to the case fee report, and in two instances we noted a negative open items balance for cases, indicating the court paid out more money than was received on those cases. The Court Administrator has indicated that because cases were converted to a new computer system during 1999, a review of all case files will be performed in the future to determine which cases have open items and if the open balance is accurate.

To ensure that receipts and disbursements are properly handled and accurately posted to the case files, and that there is sufficient cash to cover all liabilities for open cases, a complete and accurate open-items listing should be prepared monthly and reconciled to the cash balance. Such reconciliations would allow for prompt detection of errors and allow the Court Administrator to determine disposition of any unidentified monies remaining over a period of time.

B Our review of civil procedures noted the following concerns regarding the timeliness of disbursements:

1. Prior to February 1999, court policy stated that a court order was required before garnishment proceeds could be released to the garnishor. As a result, garnishment proceeds held by the court totaled approximately \$1,270,000 at December 31, 1998. During February 1999, the court adopted a new policy which allows garnishment monies to be disbursed without a court order. Garnishment monies received by the court after February 1999 have been disbursed in a timely manner, but the court has made little progress disbursing garnishment monies being held prior to that date. The court should strive to disburse garnishment proceeds to those due the amounts or dispose of the monies in accordance with state law.
2. The court collects court costs for each case filed in the civil division. Many of the funds held on deposit in the fee account are for old cases which contain deposits insufficient to cover all court costs charged in the case. The June 30, 1999 civil open items listing which represents the most recent bank reconciliation done for the civil division account, totaled over \$9.5 million and contained over one thousand cases originating in 1992 or before with numerous cases dating as far back as the 1970's. If it appears unlikely the remaining amounts owed will be collected, a court order should be obtained to allow the balance to be prorated among the various costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

C. Civil deposits are not always made intact. Although court policy states that employee personal checks will not be cashed, we noted one instance where a court employee's personal check was cashed for \$100.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact.

**WE RECOMMEND** the Court Administrator:

- A. Prepare monthly listings of open items and reconcile these listings to the cash balance. All differences should be investigated and resolved on a timely basis.

- B.1. Increase efforts to disburse garnishment monies held on all civil cases prior to February 1999.
- 2. Pursue collection of costs accrued on old cases. If collection of such costs cannot be made, monies held by the court should be distributed on a pro-rata basis, after obtaining a court order from the Circuit Judge.
- C. Ensure that deposits are made intact daily and that the court's policy regarding cashing of employees' personal checks is adhered to.

### **AUDITEE'S RESPONSE**

#### **A. Civil Records Open Items Listing**

*As was the case in child support, the Court implemented a new accounting system for civil records, known as Banner. Although implemented in February 1999, Banner is still in its genesis. Reconciliations between pre-Banner records to post Banner records, such as the open items listing, is an ongoing process. In addition, Banner, at its implementation, did not contain a complete financial package. Most notably missing from Banner was a bank account reconciliation process. The Court has obtained assistance from the Office of State's Court Administrator (OSCA) to bring the civil records bank account reconciliation up to date. As of November 2000, OSCA has completed the October 1999 bank reconciliation. When brought up to date, the Court will reconcile the open items listing to the bank reconciliation. Due to OSCA's limited manpower, and based upon the time it has taken to reconcile the August 1999 bank statement, the Court anticipates OSCA's completion of the bank reconciliations by March 31, 2001.*

*Also, in coordination with a review of the open items listing for old garnishment money (see item B.1, below) the Court has compared all open items greater than \$100 and less than five years old to the case fee reports to determine the validity of the open item. As of November 2000, the Court has completed this task and has reconciled case fee reports for the open items noted above. The Court will continue to review the open items outside of the parameters noted above and expects to have them resolved by June 30, 2001.*

#### **B. Timeliness of Disbursements**

- 1. *Prior to its change, local Court Rules, which were based on Missouri Supreme Court Rules in force at that time, required a court order to release collected garnishments to the garnishor. Effective January 1, 1999, the State Supreme Court amended the rules to allow garnishment proceeds to be released without court order. The Court has diligently attempted to comply with the amended rules, however, shortly after amendment the Court was in the process of converting to the new Banner system. After implementation of Banner, the Court was able to process one check a day, whereas previously it was able to process up to 300 checks per day. Months later, system enhancements allowed the Court to process several hundred checks in a business day. In addition, conversion of the old open items listing to Banner did not*

*identify previously collected garnishment funds as such. Therefore, the Court had to manually review every case with an open item.*

2. *The Court has reviewed funds on the open items list back to 1995 and has pulled and reviewed each case file to determine whether deposits were garnishment funds eligible for payment under the new Rule. Once identified as a garnishment, these funds were disbursed. The Court has completed this task and is currently reviewing open items over five years. The Court expects this task to be completed by June 30, 2001.*

*Along with the review of the open items listing for garnishments, the Court has reviewed the current open items listing for disposition of outstanding items on what appear to be old cases. The Court has found that in almost all cases that have in excess of \$100 on deposit, the Court is awaiting final disposition of a case or an order from the Court for disposition of funds held. The Court anticipates disbursement of the few outstanding open items for closed cases, or cases that require no further action or order by the Court, by June 30, 2001.*

C. *Intact Deposits*

*It is the Court's policy that deposits be made intact. The Court has reviewed the policy with the cashiers and supervisors and has cautioned them against the cashing of employee checks, as it is the Court's policy not to cash employee checks. As a result, the Court believes that this issue has been resolved.*

<b>5. Criminal Restitution Accounting Procedures</b>
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Criminal restitution payments are processed through the court's criminal office in Kansas City. Restitution receipts average approximately \$500,000 annually. Our review noted the following concerns:

- A. The court does not prepare a monthly listing of open items (liabilities) for the criminal restitution account. As a result, the criminal restitution cash balance is not reconciled to open items. The cash balance of the restitution account at September 30, 2000 was approximately \$330,000. Monthly listings of open items are necessary to ensure proper accountability over open cases and to ensure monies held in trust by the court are sufficient to meet liabilities. Because of the large amount of restitution payments being held and the failure to maintain a monthly open-items list and reconcile it to the cash balance, improprieties and errors could occur and not be detected.
- B. The court has money on deposit in the criminal restitution bank account which cannot be properly distributed because the victims can no longer be located. Since an open-items list is not prepared, the court cannot monitor these monies to ensure that they are disbursed in accordance with state law. We noted for 5 of 25 (20 percent) cases

tested the victim could not be located, with payments totaling over \$500 being held on each of these five cases.

An effort should be made to identify and properly disburse the money remaining in the criminal restitution account. Any amounts remaining that cannot be identified should be turned over to the state's Unclaimed Property Section in accordance with state law.

**WE RECOMMEND** the Director of Criminal Records:

- A. Prepare monthly listings of open items for the criminal restitution account and reconcile these listings to the cash balance. Any differences should be investigated and resolved on a timely basis.
- B. Disburse any money remaining in the criminal restitution account to the appropriate parties. If the victims cannot be located, the amounts should be disposed of in accordance with state law.

**AUDITEE'S RESPONSE**

A. *Open Items Listing*

*The Court understands the importance of an open items listing. The Court is in the process of automating its financial system in the Criminal Restitution Department (along with Criminal Records Department). The open items listing is one of the primary reports that the new system will be able to generate. The Court anticipates implementation of the new accounting system by December 31, 2000.*

B. *Victim Location*

*As stated above, the implementation of new software will enable the Court to provide an open items list effective December 31, 2000. This will enhance the Court's ability to monitor victim information, such as current address, and to comply with unclaimed property procedures in a more timely fashion.*

<b>6. Delinquent Land Tax and Civil Process Section Accounting Procedures</b>
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- A. Our review of the delinquent land tax sale receipt ledger noted the following concerns:
  - 1. Receipt slips are not issued for monies received from bidders as deposits on delinquent land tax properties. These monies are usually paid by check and are deposited into the section's bank account. A manual ledger is used to track the deposits placed by the various bidders. At the time a sale occurs, a

receipt slip is written for the amount of the sale and any funds remaining out of the deposit are refunded to the successful bidder. The fiscal officer prepares refunds for unsuccessful bidders. We noted three instances, totaling \$6,800, where refunds to bidders were made in cash. Documentation of cash refunds is not maintained. In addition, the numerical sequence of receipt slips, which are posted to a receipt ledger by the computer, is not accounted for properly. We noted several instances where sequential receipt slip numbers were not listed on the ledger or some numbers were missing completely. Staff indicated this was caused by computer error. Because receipt slips are not issued for all monies received, the numerical sequence of receipt slips is not accounted for, and deposits are not made intact, there is less assurance that all monies received are deposited.

To properly account for all monies received, prenumbered receipts slips should be issued for all receipts and deposits should be made intact.

To facilitate the reconciliation of the composition of receipt slips to the composition of deposits and to ensure all monies received are accounted for properly, the court should discontinue the practice of making cash refunds.

2. The receipt ledger does not always indicate the method of payment. We noted several instances where the ledger identified the method of payment as "both", indicating that a portion of the monies received were check or money order and a portion was cash, but the amount of each type of payment was not indicated. As a result, it is not always possible to reconcile receipts to deposits. To ensure that all monies received are properly deposited intact, the method of payment should be specifically identified on the receipt ledger and the composition of receipt slips issued should be reconciled to the composition of deposits.

- B. In case of computer problems, manual receipt slips are issued for delinquent land tax sales and posted in a ledger. The court was unable to locate the manual receipt ledger for the September 1997 sale. In addition, when manual receipt slips are issued at a sale, a copy of the receipt slip is not maintained in the case file.

All records of original entry should be retained in accordance with the Secretary of State record retention guidelines. Record retention is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270 RSMo 1994, states that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- C. Receipts from land tax sales are not always deposited intact on a timely basis. We noted a receipt of \$48,700 for a land tax sale which was not deposited until three days after it was received. In addition, a change fund of approximately \$1,000 is maintained. Cash is withheld from deposits to make change; however, the amount of

cash on hand varies from day to day. The court indicated that they only deposit large cash bills and leave the rest for the next day's change fund, but they are unwilling to ensure the cash on hand is maintained at a constant amount.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be deposited intact daily or when accumulated receipts exceed \$100. In addition, change funds should be maintained at a constant amount.

- D. Fees are not always paid to the county in a timely manner. Civil Process fees collected in March 1998 were not turned over to the county until June 4, 1998, and fees collected in October 1998 were not turned over to the county until January 6, 1999.

Section 488.023, RSMo Cumulative Supp. 1999, requires that fees be turned over to the county within 30 days of collection.

**WE RECOMMEND** the Director of Civil Process:

- A.1. Ensure that receipt slips are issued for all monies received and that the numerical sequence of receipt slips is accounted for. In addition, refunds should be made by check.
2. Ensure that receipt slips indicate the method of payment and that the composition of receipt slips is reconciled to the composition of deposits.
- B. Retain all records in accordance with the Secretary of State's record retention guidelines and state law.
- C. Ensure receipts are deposited intact on a timely basis. In addition, change funds should be maintained at a constant amount.
- D. Ensure fees are paid to the county on a timely basis.

**AUDITEE'S RESPONSE**

A. *Receipt Slips and Ledger*

1. *In August 2000, an enhancement to the Delinquent Land Tax program was added which now allows pre-numbered receipts to be issued to any bidder placing money on deposit with the Court. Deposit receipts that are issued use a separate block of numbers so they will not be confused with receipts of purchasers. The receipt documents the payment type (cash and/or cashier's check with the cashier check number). Several reports were also added to track bidder deposits such as a bidder deposit report, bidder receipt report and bidder disbursement report. All refunds are now made by check, and the check number, date and amount can be entered on the*



*bidder disbursement report for complete tracking. Because of these enhancements, the Court believes that this issue has been resolved.*

2. *The same enhancement of August 2000 now enables the Court to indicate all methods of payment on each purchased parcel. A daily report was added that shows check numbers and amounts, cash returned, deposit money used and change returned for each parcel. As a result, the Court believed this issue has also been resolved.*

**B. Computer Problems and Manual Receipts**

*The Court has not been able to locate the ledger for the September 1997 sale but is continuing to look. Procedures have been implemented that forward a copy of the ledger to the Fiscal Officer, with the original remaining with the Department of Delinquent Land Trust.*

*During the period under review, the Court used a single-copy, carbon-free pegboard system for its manual receipting. The original receipt is given to the purchaser and the receipt information is recorded on the pegboard sheet that records 24 other sales per sheet. When the receipt is computer generated it prints an original and a copy; the copy is put in each file folder. The manual system does not facilitate the placement of receipt copies in individual case files. Because of the computer enhancements noted above, the Court believes that this issue has been resolved.*

**C. Intact, Timely Deposits**

*During the period under review, the cashiering function of the Court's annual land tax sale was performed by either individuals new to the Fiscal Officer position or temporary personnel provided by the Court's independent accounting firm of Donnelly Meiners Jordan and Kline. Inexperience in the cash flow requirements of the sale led to the excess cash availability. This inexperience, along with functional problems associated with the use of DMJK led to the deposit of receipts three days after the sale. At all times, though, this excess cash was either stored overnight in the Court's safe, or in the County's vault during the actual sale. During the 2000 Land Tax Sale, the cash remaining in the drawer overnight did not exceed \$5,000 and a day's receipts were deposited the following day. Due to cash flow needs during the Kansas City sale, a reduction in this amount for the first few days may not be possible. Sufficient cash must be available to make change on sales of small dollar amounts purchased with large dollar cashier checks. The Court, at the next land tax sale, will monitor this issue and reduce the cash drawer to an amount reasonably close to \$1,000 (the amount of the initial cash drawer).*

**D. Timely Payment of Civil Process Fees**

*The Court's policy is to pay these fees in a timely manner. Due to the prior instability in the Fiscal Officer position, these payments were overlooked for the periods noted. All payments were made at a later date. With the implementation of Banner, these payments are made*

*monthly with other fees collected in Civil Records. The Court is current in their payment of fees and as a result of the above factors, believes that this issue is resolved.*

This report is intended for the information of the judicial circuit's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

SIXTEENTH JUDICIAL CIRCUIT  
JACKSON COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by the Sixteenth Judicial Circuit, Jackson County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1994. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the judicial circuit should consider implementing these recommendations.

1. Distribution of Unidentified Monies

During September 1995, the Jackson County Circuit Court disbursed \$767,992 in unidentified monies from its civil accounts to Jackson County instead of disbursing the monies to the State Treasurer's Office, Unclaimed Property Section.

Recommendation:

No recommendation was made in our prior audit report because the court was working with the State Treasurer's Office and the county to determine the proper distribution of these monies.

Status:

The court provided documentation that the State Treasurer's Office reviewed this situation and determined that the \$767,992 cited above was not subject to the Unclaimed Property Act and should remain with Jackson County.

2. Child Support Section's Accounting Procedures

- A. Open-items (liabilities) records for the Child Support account were not reconciled to the cash balance. At December 31, 1994, the cash balance was approximately \$170,000 less than the open-items balance. In 1995, some excess (unidentified) monies were transferred from the civil accounts to child support to decrease the shortage. As a result, the July 31, 1995, cash balance was \$17,621 less than the open-items balance.
- B. A lack of segregation of duties existed because the two individuals who opened the mail could also post receipts to the receipt records.

Recommendation:

The Court Administrator require the Child Support Section to:

- A. Correct the open-items accounting problems noted by the independent certified public accountants and reconcile open items to the cash balance monthly. Any differences noted should be resolved in a timely manner.
- B. Segregate the duties of opening the mail from that of posting collections to the receipt records.

Status:

- A. Not implemented. See MAR No. 2.
- B. Implemented. Personnel opening the mail can no longer post receipts to the child support system.

3. Criminal Records Section's Accounting Procedures

- A. Deposits were not being adequately reviewed and compared to receipt records to ensure recorded receipts were deposited intact.
- B. A monthly open-items (liabilities) listing was prepared by the Restitution Division documenting those cases in which restitution had been received but not yet disbursed. The listing prepared as of December 31, 1994, included 20 cases totaling \$5,222 for which no monies had been received since December 31, 1990.

Recommendation:

The Court Administrator require the Criminal Records Section to:

- A. Review deposits and compare them to the receipts records to ensure all monies received are deposited. This would include agreeing the deposit total to the receipts total and agreeing the cash/check composition of the deposits to the cash/check composition of the receipts journal.
- B. Distribute restitution monies involving payees who cannot be located to the state's Unclaimed Property Section in accordance with state law.

Status:

- A. Not implemented. See MAR No. 3.
- B. Not implemented. The court no longer maintains a listing of open-items for the Criminal Restitution account and therefore cannot ensure that monies are turned over

to the state's Unclaimed Property Section within the time guidelines prescribed by statutes. See MAR No. 5.

4. Family Court Division's Recreation Accounts

- A. Bank reconciliations were not performed on a monthly basis for those bank accounts held by the McCune School for Boys and the Hilltop Co-educational Treatment Center.
- B. Certain accounting records were not maintained by the facilities mentioned above. Nearly all records related to 1993 were missing from both facilities. In addition, bank statements for various periods could not be located.
- C. Invoices or other documentation were not maintained to support all disbursements made by the above-mentioned facilities.
- D. Many disbursements were made by cash obtained from checks made payable to cash or to employees of the division. The facilities did not always maintain records to support how the cash was used.
- E. Checks were written out of sequence at both facilities and several books of unissued checks at the McCune School for Boys could not be located.

Recommendation:

The Family Court Division ensure:

- A. Monthly bank reconciliations are performed for all accounts.
- B. All accounting records are maintained.
- C&D. Supporting documentation, such as original invoices, are maintained for all disbursements.
- E. All checks are written in numerical sequence. In addition, unissued checks should be adequately safeguarded.

Status:

- A-E. Implemented. The Family Court Division closed all of the bank accounts which were held at the facilities and administers recreation monies through the accounting office.

5. Law Library's Procedures

- A. Free access to the materials in the library was limited to county judges, court officials, and member attorneys who had paid annual dues to the Jackson County

Law Library (JCLL). Nonmember attorneys were asked to pay a daily fee when using the law library materials.

- B.1. The library did not have a formal written policy for vacation and sick leave or compensatory time.
- 2. Timesheets were not required for some employees and some timesheets completed were not adequate. Full-time salaried employees were not required to complete timesheets; however, timesheets were required from part-time employees.

Recommendation:

The Presiding Circuit Judge:

- A. Review the JCLL's current policy concerning access to the law library with other members of the court and the JCLL for compliance with Section 514.480, RSMo 1994, and consider revising that policy as necessary.
- B.1. Ensure the JCLL establishes a formal written policy regarding vacation, sick leave, and other compensatory time.
- 2. Ensure the JCLL requires that timesheets be prepared and submitted by all employees. These timesheets should indicate the actual hours worked during the pay period, be signed by the employee, and be properly approved by the respective employee's supervisor.

Status:

- A. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- B.1&  
B.2. Implemented.

## STATISTICAL SECTION



History, Organization, and  
Statistical Information

SIXTEENTH JUDICIAL CIRCUIT  
JACKSON COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organization

The Sixteenth Judicial Circuit includes only Jackson County, and consists of nineteen circuit judges, eight associate circuit judges, seven commissioners, and one deputy commissioner.

The court en banc consists of all of the divisions of the Sixteenth Judicial Circuit acting collectively. The circuit and associate circuit judges elect a presiding judge for a two-year term. The court en banc determines questions of policy for the court and promulgates court rules. The presiding judge operates as the chief executive of the court, with administrative authority over personnel and the assignment of cases filed in the court. The presiding judge is responsible for making management decisions involving the court on a daily basis, assigns the judges to dockets, presides over court en banc meetings, and acts as the spokesperson of the court. An administrative staff assists the court.

Effective August 28, 1993, the Juvenile Division was redesignated the Family Court Division pursuant to state law. The court en banc appoints commissioners who must possess the same qualifications as a circuit judge to hear family court cases.

The court operates out of four different locations in Jackson County: seventeen judges sit in the Jackson County Courthouse in Kansas City, seven judges sit in the Jackson County Courthouse in Independence, two judges who are assigned to criminal cases sit at the Criminal Justice Center in Kansas City, and one judge who is assigned to juvenile cases sits at the Family Justice Center in Kansas City.

The court appoints a court administrator who is in charge of the administrative functions of the court, except for the Probate Division. The Office of the Court Administrator plans, assigns, coordinates, and supervises the operation and administration of the courts presided over by the circuit and associate circuit judges. Duties of the Office of the Court Administrator include: docketing, clerical tasks, provision of documentation for court matters, accounting and recording, and receipt and disbursement of funds.

The Probate Division Judge is responsible for the administrative functions of the Probate Division.

The court appoints a Director of Family Court Services who is responsible for the administrative functions of the Family Court Division and who reports to the Family Court Administrative Judge and the Court Administrator. The Family Court Division operates nine facilities including detention centers, group homes, and schools for the detention and rehabilitation of juveniles.

The court also appoints a Jury Supervisor to oversee the jury selection system.

The court has appointed Jackson County Law Library, Inc., to operate and maintain the county law library.

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### Operating Costs

The operating expenses of the various courts, the Family Court Division, and judicial administration are paid by Jackson County. The salaries of the court administrator and immediate staff, the bailiffs, the Family Court Division employees, as well as the salaries of the employees in the Civil Process, Personnel, Computer Services, and Court Services Departments are paid by Jackson County. All other salaries are paid by the state of Missouri.

Expenditures incurred for the Sixteenth Judicial Circuit, Jackson County, Missouri, were obtained from the Jackson County budget and information provided by the State Courts Administrator's Office and are as follows:

Year Ended December 31,			
	1999	1998	1997
State of Missouri:			
Personal Service	\$ 8,791,160	8,433,690	8,000,056
Jackson County:			
Personal Service	18,682,886	18,063,810	16,787,414
Expenses	6,832,103	6,456,733	6,620,696
Total	<u>\$ 34,306,149</u>	<u>32,954,233</u>	<u>31,408,166</u>

### Caseload and Time Standards Statistics

Caseload statistics of the filings and dispositions as provided by the State Courts Administrator's Missouri judicial reports, are as follows:

Year Ended June 30,						
	1999		1998		1997	
	Filings	Dispositions	Filings	Dispositions	Filings	Dispositions
Civil	47,038	42,264	48,441	50,148	49,711	45,697
Criminal	9,968	10,064	11,772	11,424	12,430	10,347
Traffic and ordinance	21,326	19,199	16,654	15,426	16,691	14,886
Juvenile	7,717	6,770	6,839	6,050	6,714	5,671
Probate	1,488	1,380	1,382	1,430	1,461	1,409
	<u>87,537</u>	<u>79,677</u>	<u>85,088</u>	<u>84,478</u>	<u>87,007</u>	<u>78,010</u>

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Compliance by the Sixteenth Judicial Circuit, Jackson County, Missouri, with time standards for disposition of certain types of cases, provided by the State Court Administrator's Missouri Judicial Report for fiscal year 1999, is as follows:

Type of Case	Time Standard	Sixteenth Judicial Circuit, Jackson County,		State Total	
		Missouri			
Circuit Civil	90% in 18 months	78	%	80	%
	98% in 24 months	90		88	
Domestic Relations	90% in 8 months	81		83	
	98% in 12 months	88		90	
Associate Civil	90% in 6 months	84		89	
	98% in 12 months	95		97	
Circuit Felony	90% in 8 months	83		87	
	98% in 12 months	92		94	
Associate Criminal	90% in 4 months	80		77	
	98% in 6 months	87		88	

#### Personnel

At December 31, 1999, the judges, commissioners, and other key court personnel of the Sixteenth Judicial Circuit, Jackson County, Missouri, were:

##### Circuit Court judges:

Division One, David W. Shinn  
 Division Two, William W. Ely  
 Division Three, Thomas C. Clark  
 Division Four, Justine E. Del Muro  
 Division Five, W. Stephen Nixon  
 Division Six, John R. O'Malley  
 Division Seven, William F. Mauer  
 Division Eight, Lee E. Wells  
 Division Nine, Kelly Moorhouse  
 Division Ten, Charles E. Atwell  
 Division Eleven, J. D. Williamson, Jr.  
 Division Twelve, Edith L. Messina, Presiding Judge  
 Division Thirteen, Jay A. Daugherty  
 Division Fourteen, Thomas H. Newton  
 Division Fifteen, K. Preston Dean  
 Division Sixteen, Marco Roldan  
 Division Seventeen, C. William Kramer  
 Division Eighteen, Jon R. Gray  
 Division Nineteen, John A. Borron Jr., Probate Division

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Associate Circuit judges:

Division Twenty-five, Richard E. Standridge  
Division Twenty-six, Anthony J. Romano  
Division Twenty-seven, Peggy Stevens McGraw  
Division Twenty-eight, Vernon E. Scoville, III  
Division Twenty-nine, Charles L. Stitt  
Division Thirty, Twila K. Rigby  
Division Thirty-one, Christine T. Sill-Rogers, Family Court Division  
Division Thirty-two, Robert L. Trout  
Division Thirty-three, Jeffrey Busher

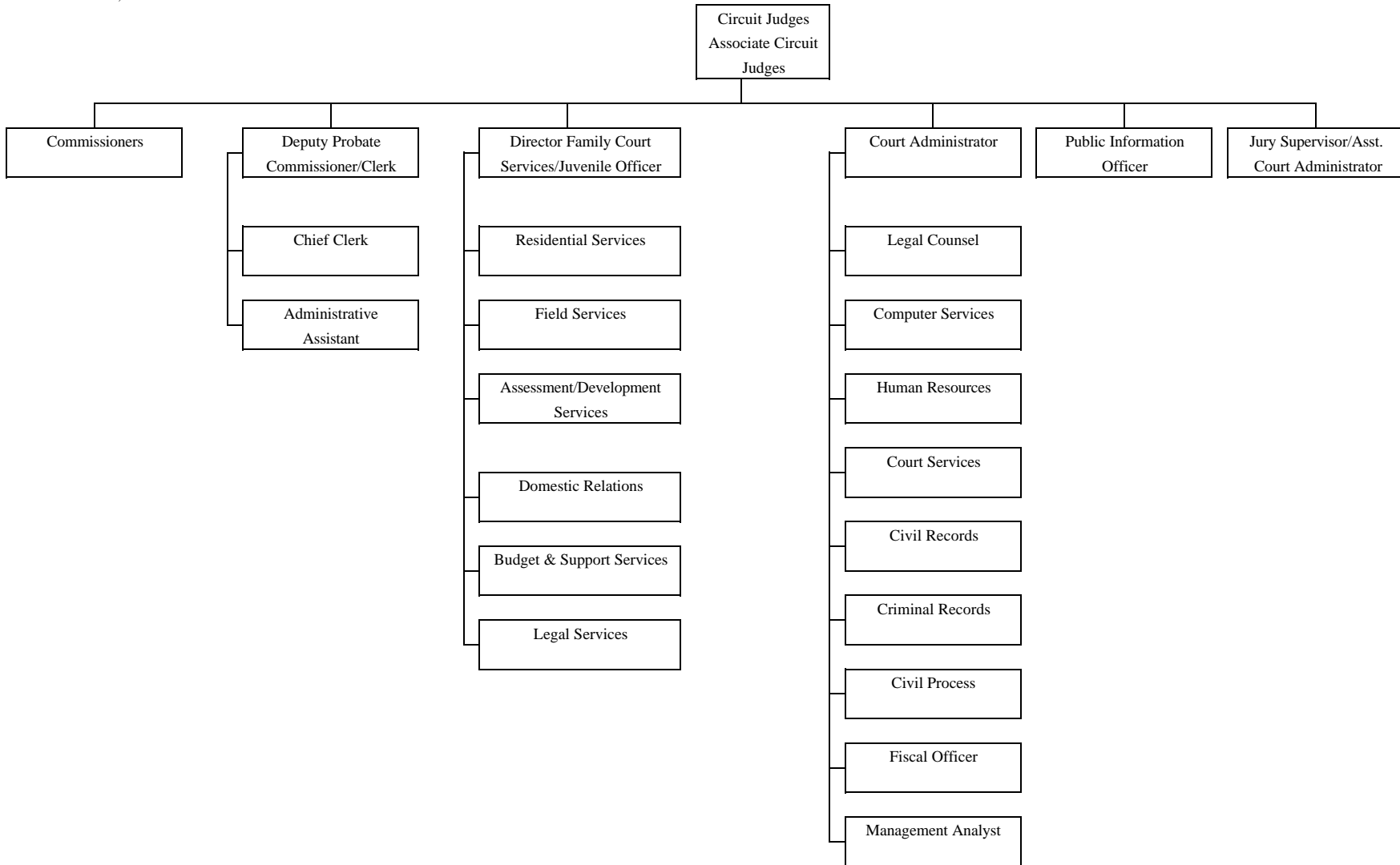
Commissioners:

Geoffrey Allen, Family Court Division  
John F. Payne, Family Court Division  
Sherrill L. Rosen, Family Court Division  
Robert L. Schieber, Family Court Division  
Molly M. Merrigan, Family Court Division  
Kathleen A. Forsyth, Probate Division  
Daniel P. Wheeler, Probate Division  
Gregory B. Gillis, Drug Court

Court Administrator, Jaci Mairs  
Juvenile Officer/Director of Family Court Services, David W. Kierst, Jr.  
Law Library Board President, F. Coulter DeVries  
Assistant Court Administrator/Jury Supervisor, Teresa Steelman  
Fiscal Officer, Joel Kesler

An organization chart follows:

SIXTEENTH JUDICIAL CIRCUIT  
 JACKSON COUNTY, MISSOURI  
 ORGANIZATION CHART  
 DECEMBER 31, 1999



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